

**MINUTES OF THE MEETING  
OF THE  
ASSEMBLY COMMITTEE ON TAXATION**

**Eightieth Session  
April 9, 2019**

The Committee on Taxation was called to order by Chair Dina Neal at 4:12 p.m. on Tuesday, April 9, 2019, in Room 4100 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. The meeting was videoconferenced to Room 4406 of the Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. Copies of the minutes, including the Agenda ([Exhibit A](#)), the Attendance Roster ([Exhibit B](#)), and other substantive exhibits, are available and on file in the Research Library of the Legislative Counsel Bureau and on the Nevada Legislature's website at [www.leg.state.nv.us/App/NELIS/REL/80th2019](http://www.leg.state.nv.us/App/NELIS/REL/80th2019).

**COMMITTEE MEMBERS PRESENT:**

Assemblywoman Dina Neal, Chair  
Assemblywoman Ellen B. Spiegel, Vice Chair  
Assemblywoman Shea Backus  
Assemblywoman Teresa Benitez-Thompson  
Assemblywoman Lesley E. Cohen  
Assemblyman Chris Edwards  
Assemblyman Edgar Flores  
Assemblyman Gregory T. Hafen II  
Assemblyman Al Kramer  
Assemblywoman Susie Martinez  
Assemblywoman Heidi Swank

**COMMITTEE MEMBERS ABSENT:**

None

**GUEST LEGISLATORS PRESENT:**

Assemblyman William McCurdy II, Assembly District No. 6

**STAFF MEMBERS PRESENT:**

Russell Guindon, Principal Deputy Fiscal Analyst  
Michael Nakamoto, Deputy Fiscal Analyst  
Dylan Keith, Committee Manager  
Gina Hall, Committee Secretary  
Olivia Lloyd, Committee Assistant

**OTHERS PRESENT:**

Derek Armstrong, Deputy Director, Southern Nevada, Office of Economic Development, Office of the Governor  
Cedric Crear, Councilman, Ward 5, City of Las Vegas  
Ken Evans, President, Urban Chamber of Commerce, Las Vegas, Nevada  
Jared Smith, Chief Operating Officer, Las Vegas Global Economic Alliance  
Chuck Callaway, Police Director, Office of Intergovernmental Services, Las Vegas Metropolitan Police Department  
Rich Hoggan, Chief Financial Officer, Office of Finance, Las Vegas Metropolitan Police Department  
Joseph M. Lombardo, Sheriff, Clark County  
Eric Spratley, Executive Director, Nevada Sheriffs' and Chiefs' Association  
Corey Solferino, Lieutenant, Legislative Liaison, Washoe County Sheriff's Office  
John T. Jones, Jr., Chief Deputy District Attorney, Legislative Liaison, Clark County District Attorney's Office  
Mary Pierczynski, representing City of Boulder City  
Mike Ramirez, Director of Government Affairs, Las Vegas Police Protective Association Metro, Inc.  
Richard P. McCann, Executive Director, Nevada Association of Public Safety Officers  
Shani J. Coleman, Deputy Director, Office of Administrative Services, City of Las Vegas  
Greg Ferraro, representing Nevada Resort Association  
Paul J. Moradkhan, Vice President, Government Affairs, Las Vegas Metro Chamber of Commerce  
Bryan Wachter, Senior Vice President, Retail Association of Nevada  
David Burns, Chief of Staff, City of Henderson Police Department  
Gerd G. Poppinga, President and Chief Executive Officer, Vineburg Machining, Inc., Carson City, Nevada  
Mark Scheffel, Senior Vice President, Advantage Capital Partners, Denver, Colorado  
Jim Penrose, representing Advantage Capital Partners  
Karen Schnog, Management Analyst, Department of Business and Industry  
Matthew Wadsworth, Vice President of Clinical Affairs, Nevada Donor Network  
Matthew Driscoll, Public Relations, Account Supervisor, R&R Partners  
Randi Thompson, Private Citizen, Reno, Nevada  
Steve Trollope, Private Citizen, Reno, Nevada  
Terry J. Reynolds, Deputy Director of Administration, Department of Business and Industry

**Chair Neal:**

[Roll was taken and Committee rules and protocol were reviewed.] Committee, we are going to do a work session first, and then hear Assembly Bill 385. We are rescheduling Assembly Bill 160 to Thursday. If there is anyone here for A.B. 160, we will not be hearing that today. I will open the work session on Assembly Bill 32.

**Assembly Bill 32: Revises provisions governing workforce development. (BDR 18-329)**

**Michael Nakamoto, Deputy Fiscal Analyst:**

There are six bills on the work session today. The work session documents are available on NELIS [Nevada Electronic Legislative Information System]. The members also have a hard copy of the work session documents available to them.

The first bill on the work session today is Assembly Bill 32. This bill revises provisions governing workforce development. It was sponsored by this Committee on behalf of the Office of Economic Development, Office of the Governor (GOED), and was heard on February 26, 2019.

Assembly Bill 32 makes various changes to provisions governing workforce development programs that are developed and implemented by GOED, including:

- Expanding eligibility to participate in such programs to nonprofit organizations and state and local governments;
- Expanding programs of workforce recruitment, assessment, and training to include programs which provide training to existing employees of a participating employer; and
- Requiring the application for an employer to participate in such a program to include a description of the number and types of jobs that the employer expects will be created or retained as a result of its participation in the program.

You have an amendment that was submitted (page 4, [Exhibit C](#)). The proposed amendment is based on the amendments that were submitted by Mr. Armstrong and the folks at GOED, and was testified to at the meeting. The summary of the provisions of the amendment are on pages 2 and 3 ([Exhibit C](#)) and are as follows:

- Section 2 of the bill removes the definition of "employer," which would have expanded the eligibility to participate in these programs to nonprofit organizations and state and local governments.
- Corresponding references to the term "employer" throughout the bill are additionally deleted and restored to the original usage of the term "business."
- There is a new section 3.5 of the bill, which specifies that the term "business" includes certain nonprofit entities as described in that section.
- Section 4.5 is added, which specifies that a program of workforce development includes a program providing training to one or more existing employees of a business participating in that program.
- Section 5 adds several requirements for the application process for persons wishing to provide a program of workforce recruitment, assessment, and training.
- Section 7 of the bill adds language specifying that the money in the Workforce Innovations for a New Nevada (WINN) Account does not revert to the State General Fund at the end of each fiscal year.

- Section 8.5 is added and repeals obsolete provisions in NRS 231.147 relating to the Train Employees Now program previously administered by GOED. Many of the provisions contained within this section are the new requirements that are placed into section 5 for the WINN program.
- The effective date of the bill is changed from July 1, 2019, to upon passage and approval.

The other thing I would note is, this bill was determined as being eligible for exemption by the Fiscal Analysis Division. I would be glad to answer any questions.

**Chair Neal:**

Members, do you have any questions? [There were none.] I will entertain a motion to amend and do pass.

ASSEMBLYMAN KRAMER MOVED TO AMEND AND DO PASS  
ASSEMBLY BILL 32.

ASSEMBLYMAN FLORES SECONDED THE MOTION.

Is there any discussion on the motion? [There was none.]

THE MOTION PASSED. (ASSEMBLYWOMAN BENITEZ-THOMPSON  
WAS ABSENT FOR THE VOTE.)

I will assign the floor statement to Assemblywoman Martinez. I will close the work session on A.B. 32 and open the work session on Assembly Bill 79.

**Assembly Bill 79: Revises provisions governing the collection of delinquent property taxes. (BDR 32-490)**

**Michael Nakamoto, Deputy Fiscal Analyst:**

The next bill on today's work session is Assembly Bill 79, which was sponsored by this Committee on behalf of Clark County. This bill revises provisions governing the collection of delinquent property taxes and was heard in this Committee on March 26, 2019.

Assembly Bill 79 provides an expedited procedure for the sale of property on which delinquent taxes, assessments, penalties, interest, and costs are owed to a county, and which the county has determined the property to be abandoned. For these properties, the bill reduces the redemption period from two years to one year. There are several amendments attached to the work session document (page 3, [Exhibit D](#)):

- The first change would be to amend section 1 to specify that a property is abandoned only if the tax receiver finds by a preponderance of the evidence that the property satisfies two of the conditions in section 1, subsection 6.

- The second change would be to section 1, subsection 4, paragraph (b), to add a provision that, if after the property owner objects to a determination that the property is abandoned, and the tax receiver upholds the determination that the property is abandoned, the county must offer the property owner an opportunity to enter into an agreement pursuant to which the property owner will pay the delinquent taxes, interest, and penalties, and address the conditions on the property that caused it to be determined to be abandoned. If the property owner does not enter into that agreement within 30 days, the county may proceed with the expedited foreclosure process. If the property owner enters into the agreement within 30 days and the property owner addresses the conditions that caused the property to be determined to be abandoned, then the property is not abandoned and the foreclosure to collect any unpaid property taxes cannot be conducted under the expedited process. Also, if the property owner pays the delinquent taxes, penalties, and interest, the county cannot foreclose on the property.
- The third change would be to amend section 1, subsection 4, paragraph (b), to require the board of county commissioners to approve any determination that the property is abandoned before the county may proceed with the expedited foreclosure process.
- The last change would be to amend section 5, subsection 4, paragraph (b), to require 45 days' notice of the sale of the property rather than 30 days' notice of the sale of the property that was originally requested in the bill.

I would be glad to answer any questions.

**Chair Neal:**

Members, do you have any questions? [There were none.] I will entertain a motion to amend and do pass A.B. 79.

ASSEMBLYWOMAN SWANK MOVED TO AMEND AND DO PASS  
ASSEMBLY BILL 79.

ASSEMBLYMAN KRAMER SECONDED THE MOTION.

Is there any discussion on the motion?

**Assemblyman Flores:**

I will vote this out of Committee but will reserve my right to change my vote on the floor. I am still a little hesitant on a few things. I will speak to the stakeholders.

**Chair Neal:**

I do want to mention that I have been going back and forth with the county to try to get some agreement on the amendment. We were not fully there, but they have the right to try to work out the section that they have an issue with in the Senate.

THE MOTION PASSED. (ASSEMBLYWOMAN BENITEZ-THOMPSON WAS ABSENT FOR THE VOTE.)

I will assign the floor statement to Assemblyman Edwards. I will close the work session on A.B. 79 and open the work session on Assembly Bill 178.

**Assembly Bill 178: Provides for transferable tax credits for the rehabilitation of historic buildings. (BDR 32-297)**

**Michael Nakamoto, Deputy Fiscal Analyst:**

The next bill on today's work session is Assembly Bill 178, which was sponsored by Assemblywoman Swank and was heard in this Committee on March 12, 2019. Assembly Bill 178 provides for the issuance of transferable tax credits to be issued by the State Historic Preservation Office of the Department of Conservation and Natural Resources to persons who perform qualified rehabilitations on certain historical buildings. The credits that may be awarded are equal to 20 percent of the eligible costs and expenses incurred in the qualified rehabilitation, not to exceed \$3 million per qualified rehabilitation, and may be taken against the modified business tax, branch bank excise tax, insurance premium tax, and the tax on gross gaming revenue for nonrestricted gaming licensees.

There are several amendments attached to the work session document, beginning on page 3 ([Exhibit E](#)): The first is a proposed amendment that was actually presented on a bill from last session [Assembly Bill 370 of the 79th Session] dealing with this issue. This was presented by Assemblywoman Swank. It makes several changes including:

- Changing the criteria by which a qualified historic building could become qualified to receive credits;
- Moving the responsibility for receiving applications and dealing with the administrative part of the credits from the State Historic Preservation Office to the Department of Taxation;
- Reducing the maximum amount of credits that may be awarded for a qualified rehabilitation from \$3 million to \$1 million; and
- Fixing the amount of credits that may be issued in any one fiscal year to \$10 million, but also specifying that if the full \$10 million is not approved during any fiscal year, it may be carried forward and made available during the next or any future fiscal year.

There was a second set of conceptual amendments presented by Assemblywoman Swank at the hearing (page 10, [Exhibit E](#)). Those deal primarily with section 8 of the bill, dealing with the amount of credits that may be issued with respect to a qualified rehabilitation.

- The 20 percent is increased to 30 percent for a qualified rehabilitation of a qualified historic building which provides affordable housing; and
- The amount of credits is increased from 20 percent to 25 percent for a qualified rehabilitation of a qualified historic building that is part of a local Main Street program designated by the Nevada Main Street Program or a community which is recognized as a certified local government.

The third set of amendments to this bill begins on page 11 ([Exhibit E](#)), and this was submitted by Assemblywoman Neal. The amendment would limit a person who applies under this program from receiving credits for more than two separate qualified rehabilitation projects in a biennium.

That summarizes the amendments. The only other thing I would note is this bill has been determined by the Fiscal Analysis Division as being eligible for exemption as of April 8, 2019. I am glad to answer any questions.

**Chair Neal:**

Members, do you have any questions?

**Assemblywoman Spiegel:**

During the hearing I had raised an issue about a potential for people to use these tax credits to renovate properties under this that could then be flipped for really high profits. I thought there was going to be something in an amendment to prevent that from happening.

**Assemblywoman Swank:**

I dropped the ball. We will be sure to get that in. My apologies.

**Chair Neal:**

Members, do you have any additional questions? [There were none.] I will entertain a motion to amend and do pass A.B. 178.

ASSEMBLYWOMAN COHEN MOVED TO AMEND AND DO PASS  
ASSEMBLY BILL 178.

ASSEMBLYWOMAN BACKUS SECONDED THE MOTION.

Is there any discussion on the motion?

**Assemblyman Hafen:**

I appreciate the amendments and I believe they address most of my concerns. I would like to reserve my right to change my vote on the floor. I will be voting to pass this out of Committee, though.

**Assemblywoman Swank:**

I need to make a statement. Though I have been advised by the Legal Division of the Legislative Counsel Bureau that I am not required by Assembly Standing Rule No. 23 to make an ethics disclosure regarding A.B. 178, I would like to explain to my colleagues that when we are not serving in the legislative session, I work in the area of historic preservation. Historic preservation is a vocation for me and is therefore very important. This is one of the reasons I do not take any chances when it comes to the ethics and the interactions between my job in the private sector—working for a nonprofit organization—and my service as a legislator. I have, and will continue to ensure, that as a legislator I do not accept any money in my nonprofit job that originates in a legislative measure I have voted upon in the Legislature.

**Assemblyman Edwards:**

I ditto Assemblyman Hafen's statement.

THE MOTION PASSED. (ASSEMBLYWOMAN BENITEZ-THOMPSON  
WAS ABSENT FOR THE VOTE.)

**Chair Neal:**

I will assign the floor statement to Assemblywoman Swank. I will close the work session on A.B. 178 and open the work session on Assembly Bill 242.

**Assembly Bill 242: Makes various changes relating to regional commercial air service in this State. (BDR 18-1024)**

**Michael Nakamoto, Deputy Fiscal Analyst:**

The next bill on the work session today is Assembly Bill 242, which was sponsored by Assemblywoman Cohen and makes various changes relating to the regional commercial air service in this state.

Assembly Bill 242 provides for the creation of the Nevada Air Service Development Commission and the Nevada Air Service Development Fund to provide incentives for certain air carriers to improve service to certain airports in Nevada.

The bill provides for the composition of the commission and requires the commission to administer the fund and develop a program to provide grants from the fund to certain air carriers. The commission may make grants of money from the fund directly to an air carrier to provide improved air service in exchange for receiving one of three guarantees as specified in the bill.

A grant from the fund may be used to pay up to 80 percent of the cost of a guarantee and the remaining 20 percent must be paid by (1) a local air service development entity as defined in the bill; (2) the airport designated in the application required pursuant to the bill; or (3) the governing body of the local government that has jurisdiction over the airport.



The bill additionally makes an appropriation from the State General Fund to the Nevada Air Service Development Fund in the amount of \$1 million in fiscal year 2020 and \$1 million in fiscal year 2021. Any amount of the appropriation that is not spent at the end of each fiscal year must revert to the State General Fund.

There is an amendment (page 4, [Exhibit F](#)) to this bill that was brought forward at the hearing by Assemblywoman Cohen that makes several changes outlined in the work session document:

- The definition of "local air service development entity" is revised to include a tourism or development organization, a chamber of commerce, or an organization formed to encourage air service in this state.
- The definition of "large hub airport" is added that is consistent with the federal definition of this term.
- The grant program developed by the commission created under this act is revised to additionally provide grants for routes servicing large hub airports in the state if intrastate flights service the smaller airports described.
- Grant applications to the commission must include letters of support by all airports participating in the supported route in order to receive consideration by the commission.
- The guarantee that the air carrier will offer a reduced or subsidized price to customers on the new routes as a condition of receiving a grant is removed.
- The 20 percent match to the grant awarded by the commission must be paid by the applicant, rather than the entities I previously mentioned that are specified in the original version of the bill.

On page 5 of the proposed amendment (page 8, [Exhibit F](#)) there are provisions included in green language requiring the commission to administer the fund and to adopt regulations necessary to carry out the provisions of the bill. This language is already included in section 12 of the bill, so it is not part of the amendment you are voting for, even though it shows up as green language. The last thing I would note is this bill has been determined by the Fiscal Analysis Division as being eligible for exemption. I am glad to answer any questions.

**Chair Neal:**

Members, do you have any questions? [There were none.] I will entertain a motion to amend and do pass A.B. 242.

ASSEMBLYMAN EDWARDS MOVED TO AMEND AND DO PASS  
ASSEMBLY BILL 242.

ASSEMBLYWOMAN SWANK SECONDED THE MOTION.

Is there any discussion on the motion? [There was none.]

THE MOTION PASSED. (ASSEMBLYWOMAN BENITEZ-THOMPSON  
WAS ABSENT FOR THE VOTE.)

I will assign the floor statement to Assemblywoman Cohen. I will close the work session on  
A.B. 242 and open the work session on Assembly Bill 244.

**Assembly Bill 244: Allows the imposition of certain taxes in a county to fund capital  
projects of the school district based on the recommendations of a Public Schools  
Overcrowding and Repair Needs Committee and voter approval. (BDR S-1008)**

**Michael Nakamoto, Deputy Fiscal Analyst:**

The next bill on today's work session is Assembly Bill 244. This bill was sponsored  
by Assemblyman Kramer and was heard in this Committee on March 28, 2019.  
Assembly Bill 244 authorizes the board of trustees of certain school districts to establish by  
resolution a Public Schools Overcrowding and Repair Needs Committee to recommend the  
imposition of certain taxes for consideration by the voters at a general election held no later  
than the general election of November 8, 2022, to fund the capital projects of the school  
district.

This bill further requires that if such a committee is established and submits its  
recommendations to the board of county commissioners by April 2, 2022, the board of  
county commissioners is required to submit a question to the voters at the next general  
election asking whether any of the taxes recommended by the committee should be imposed  
in the county. If a majority of the voters approve the question, the board of county  
commissioners is required to adopt an ordinance imposing the approved taxes and the  
proceeds resulting from the imposition of such a tax or taxes must be deposited in the fund  
for capital projects of the school district. The provisions of this bill authorizing the board of  
trustees of a school district to establish this committee expire by limitation on April 2, 2022.

There is a conceptual amendment attached to this work session document (page 4, Exhibit G)  
that was submitted by Assemblyman Kramer and makes several changes to the bill:

1. In section 1, establish certain restrictions prohibiting the following counties from  
utilizing the process in this bill:
  - Counties that are authorized to impose a residential construction tax pursuant to  
*Nevada Revised Statutes (NRS) 387.331*;

- Counties in which a Public Schools Overcrowding and Repair Needs Committee was established pursuant to authority granted by the Legislature under Senate Bill 411 of the 78th Session; or
- Counties currently imposing a real property transfer tax or room tax rate for the benefit of the county school district, as originally included in the bill.

This proposed amendment is intended to limit the authority to enact the provisions of this bill to Carson City only.

2. In section 1, remove the provisions relating to the establishment of the committee and, instead, authorize a school district, not restricted from utilizing these provisions I previously discussed, to form an advisory committee to make recommendations for taxes that may be imposed—with voter approval—to fund school district capital projects. The advisory committee, which would be required to consist of representatives of a broad cross-section of community stakeholders, including, but not limited to, senior citizens, veterans, low-income persons, businesses, and Realtors, would make a recommendation to the board of trustees, and the board of trustees would then be authorized to forward those recommendations to the board of county commissioners.
3. Amend the bill to specify that if recommendations are forwarded by the board of trustees to the board of county commissioners, the board of county commissioners may opt to not submit a ballot question to the voters seeking approval to impose the recommended taxes. However, if the board of county commissioners does seek voter approval for the taxes and the ballot question is approved by the voters, then the board of county commissioners would be required to impose the recommended taxes.
4. Amend section 2 of the bill to require that any proposed taxes recommended by the advisory committee have an expiration date, and that the expiration date must be specified in the recommendations and provided to the voters in the ballot question.
5. Amend the bill to remove the specific taxes outlined in section 3 and instead allow a recommendation to include an increase in the sales and use tax or any tax imposed by the board of county commissioners.

I would be glad to answer any questions.

**Chair Neal:**

Members, do you have any questions? [There were none.] I will entertain motion to amend and do pass A.B. 244.

ASSEMBLYMAN KRAMER MOVED TO AMEND AND DO PASS  
ASSEMBLY BILL 244.

ASSEMBLYWOMAN BACKUS SECONDED THE MOTION.

Is there any discussion on the motion? [There was none.]

THE MOTION PASSED UNANIMOUSLY.

I will assign the floor statement to Assemblyman Kramer. I will close the work session on A.B. 244 and open the work session on Assembly Bill 458.

**Assembly Bill 458: Revises provisions relating to certain tax credits for the Nevada Educational Choice Scholarship Program. (BDR 32-794)**

**Michael Nakamoto, Deputy Fiscal Analyst:**

The last bill on today's work session is Assembly Bill 458, which was sponsored by the Assembly Committee on Education and was heard in this Committee on April 4, 2019 ([Exhibit H](#)). As some background, the Legislature, in Assembly Bill 165 of the 78th Session, established the Nevada Educational Choice Scholarship Program, which authorized the formation of scholarship organizations to provide grants for pupils of low-income families for attendance at schools of their choice in Nevada, including private schools. The bill additionally provided for a tax credit against the modified business tax for taxpayers who donate to a scholarship organization equal to the amount of the donation. The legislation limited the total credits that may be approved by the Department of Taxation to \$5 million in fiscal year 2016, \$5.5 million in fiscal year 2017, and for each subsequent fiscal year, 110 percent of the amount authorized in the immediately preceding fiscal year.

Assembly Bill 458 would eliminate the 10 percent annual increase authorized for these tax credits and freezes the annual amount of credits that may be issued at \$6,655,000, which is the amount allowed under current law for fiscal year 2019. There are no amendments to the bill. I would be glad to answer any questions.

**Chair Neal:**

Members, do you have any questions? [There were none.] I will entertain a motion to do pass A.B. 458.

ASSEMBLYMAN FLORES MOVED TO DO PASS ASSEMBLY BILL 458.

ASSEMBLYWOMAN SWANK SECONDED THE MOTION.

Is there any discussion on the motion?

**Assemblyman Edwards:**

I would say that I am a hundred percent in favor of the program itself; in fact, I am a hundred and ten percent in favor of the program. I think it is good policy to have that 10 percent growth. The state can well afford it, and by not having it, it hurts some of the people in my district who would be unable to avail themselves of it. I hope that in the future we will be able to restore it, before the end of this session. For now, I am going to have to be a no.

**Assemblyman Hafen:**

I, too, appreciate this policy. I believe it is good policy and I do greatly appreciate keeping the current funding there; however, I will be voting no today but would like to reserve my right to change my vote on the floor.

THE MOTION PASSED. (ASSEMBLYMEN EDWARDS, HAFEN, AND KRAMER VOTED NO).

**Chair Neal:**

I will assign the floor statement to Assemblywoman Backus. I will close the work session on A.B. 458 and open the hearing on Assembly Bill 385.

**Assembly Bill 385: Enacts the Southern Nevada Enterprise Community Economic Development Act. (BDR S-865)**

**Assemblyman William McCurdy II, Assembly District No. 6:**

I am honored to present Assembly Bill 385. I would like to start with giving you a little background about the Southern Nevada Enterprise Community (SNEC), which this bill addresses, and then I will walk you through the bill.

In 1994 President Clinton designated nine census tracts in the urban core of the Las Vegas Valley as an enterprise community. The community includes the target areas of West Las Vegas, East Las Vegas, Meadows Village, and North Las Vegas. The designation was accompanied by an award of \$2,950,000 in Title XX funds to be used for projects in the enterprise community.

The Southern Nevada Enterprise Community involves a partnership among the cities of Las Vegas and North Las Vegas, and Clark County, all working together to harness resources from the public, private, and nonprofit sectors to provide programs, services, and facilities to the target areas.

Cooperation between emerging industries, local governments, and communities serves as a vital means to revitalizing neighborhoods economically and making opportunities for workforce development available to communities.

District No. 6 in southern Nevada, the district I represent, is one of the oldest majority/minority, predominantly African-American and Latino districts in the entire state. There has been little to no economic development in this area stretching back well over 60 years. We actually have some parcels within the district that have been vacant for over 40 years. That is why this bill is before you today. This bill is brought forward to provide another incentive for us to utilize—to ensure no matter where you live or what ZIP Code you are in, you have an opportunity to look outside your front door and not look at blight, trash, and folks suffering from all kinds of ailments, but instead look out and see economic development and see a thriving community. As you know, your area largely determines your cognitive process, and if you are not seeing growth, how can you operate in a manner throughout your life that is going to be positive? How will we ensure that the least of these are afforded the opportunities as are other folks in other areas?

I would also like to point out to the Committee that this is not a new concept. This is something that has been done before. A lot of you may remember past sessions where we provided these types of tools or carrots or resources for some of the larger corporations that are now existing and operating in our state. This bill before you uses the same tools but provided to smaller entities that look to go into underserved communities and help them thrive. You all have the amendment in front of you ([Exhibit I](#)). I would like to talk about the eligibility. I will talk about what is existing and what is new.

As far as eligibility is concerned, the lead participant of a project with a collective capital investment of at least \$1 billion may apply to the Office of Economic Development, Office of the Governor (GOED), for transferable tax credits and abatements of property taxes, sales tax, and the modified business tax. In the bill as amended ([Exhibit I](#)), a business engaged in certain emerging industries that is or will be located within the geographic boundaries of SNEC may apply to GOED for transferable tax credits. The industry must be consistent with SNEC, the Economic Development Administration, and the State Plan for Economic Development.

Before GOED certifies an eligible project and authorizes the issuance of transferable tax credits, the projects must be approved by the SNEC Advisory Council—and I put emphasis on the Council—created pursuant to section 9 of this bill. When we get into the period of operation, just like existing, the business must continue in operation in Nevada for a period specified by GOED; that is, staying.

When we get into wages, the business must meet eligible wage thresholds determined by GOED, which must be approved by the Council. The health care requirements are the same to be eligible for these funds.

When it comes to talking about jobs, how many employees do you have to have? How many Nevada residents must you hire? It is going to remain the same. At least 50 percent of the employees engaged in the construction of the project and at least 50 percent of the employees employed at the project must be residents of Nevada, unless waived by the Executive Director of GOED upon proof satisfactory to the Executive Director that there is an

insufficient number of Nevada residents available and qualified for such employment. The business must hire a minimum number of full-time employees to be determined by GOED, which must be approved by the Council. Employees must be full-time employees scheduled to work a minimum of 30 hours per week. These are some of the same requirements that we have had in law prior to this bill being before you today. These were certain deals that were made when certain pieces of legislation were before this body.

The business must additionally assist in the development of the workforce in the community, including programs for recruitment and training of residents of the community for employment at the project, and programs to provide internships to residents of the community. The business must also make a minimum capital investment within SNEC, to be determined by GOED, which also must be approved by the Council. Current language says that the participants in the project collectively must make a total new capital investment of at least \$1 billion in this state within the ten-year period. This is being brought forward before you to allow for more flexibility as it relates to attracting smaller businesses. We are looking to allow this to stretch to include smaller businesses—more micro-businesses.

Moving on to the tax credits, what are the available incentives? A qualifying project may earn up to \$38 million in transferable tax credits. The amount of the credits that will be earned by a qualifying business, based upon capital investment and/or jobs, is to be determined by GOED and must also be approved by the Council. The reason this is necessary is because it is not a one-size-fits-all. We would like GOED to have the ability to negotiate as they see fit, in the best interest of where these entities are looking to invest. It is imperative we have that in here, and that GOED has the flexibility and latitude to do what they need to bring a project to fruition.

Additionally, GOED may not issue more than \$7.6 million in transferable tax credits in any fiscal year; however, if GOED does not issue the full \$7.6 million in any single fiscal year, the remaining amount must be carried forward and made available for approval in subsequent fiscal years. I will pause here for questions.

**Assemblyman Kramer:**

When you talk about the \$7.6 million in tax credits in any given year—the tax credits available to GOED for doing projects—what percentage of that would be potentially going to this area in North Las Vegas?

**Derek Armstrong, Deputy Director, Southern Nevada, Office of Economic Development, Office of the Governor:**

Right now GOED has the authority to issue up to \$38 million in credits for projects over \$1 billion. That was created during the 29th Special Session [[Senate Bill 1 of the 29th Special Session](#)] for the Faraday project. Because that project ultimately did not move forward, we have had that authority ever since. What this bill is doing is reappropriating that authority of \$38 million to this project to create an incentive tool for the SNEC map ([Exhibit J](#)). It would be focusing in that area.

**Assemblyman Kramer:**

We are taking the full amount that was allocated to Faraday—up to \$7.6 million per year for roughly five years—to go into this district, to try to kick-start it into something that works. Is that basically the plan?

**Derek Armstrong:**

The number for the allocation per year is currently in our statute for that authority. They just took that language from what we had available and reappropriated it here. We currently have that cap for what we could do annually.

**Assemblyman Kramer:**

What I am getting at here is, we are taking the entire amount of tax credits for Faraday and dedicating it to this one district, and we are spreading it over what looks like five years. I want it on the record that we are taking from one project that was basically North Las Vegas and moving it to another area of North Las Vegas. Instead of it being one big project, it is going to be for many smaller projects over a series of years. That is kind of how I see the concept of this.

**Assemblyman McCurdy:**

Your assessment is correct. Again, this is already currently on the books. This is not new. What we are doing is giving direction to where additional funds will be focused to foster economic development.

**Assemblyman Hafen:**

The current language that enables GOED to use these funds, is it limited only to the Faraday project under the current statute?

**Derek Armstrong:**

We currently have that authority to qualify projects that are \$1 billion-plus. It is not specific for just Faraday. It is any project that comes in at \$1 billion-plus. Faraday would have been at Apex Industrial Park in North Las Vegas, but our authority is not geographically restricted. We would still have the ability to do other incentives for \$1 billion-plus projects; we would just not have the authority to issue the tax credits for that. It was \$9,500 for each qualified employee, up to a maximum of 4,000 qualified employees under that statute [*Nevada Revised Statutes* (NRS) 360.891]. That part of the incentive would go away for us.

**Assemblyman Hafen:**

For clarification, because it is currently on the books, if another company came in that would qualify under the current statutes, they could pretty much go anywhere in the state?

**Derek Armstrong:**

That is correct. If GOED determined a project qualified under that authority in NRS, it could go anywhere in the state.



**Assemblyman Hafen:**

Your proposal is to use these funds in the focus area on the map ([Exhibit J](#)), but not have some of the restrictions. They would be mixed and matched in the focus areas. Is that correct?

**Assemblyman McCurdy:**

Yes. The area outlined in red is severely distressed and I would like additional attention to be brought toward that area. That is my intent.

**Assemblywoman Swank:**

In looking at the map ([Exhibit J](#)), the focus area only goes as far south as Owens Avenue. Historically, on the west side, we know the Jackson Street Strip and D Street are the commercial areas that have seen massive disinvestment since the early 1970s. Is there flexibility for including those areas in that area of focus? I have a special connection to the Jackson Street Strip. I would love to see it come back at some point. Could you talk a little bit about those boundaries?

**Assemblyman McCurdy:**

I appreciate your bringing up the Jackson Street Strip and how business once thrived there. I would actually like to extend it out. This is the SNEC map I am utilizing ([Exhibit J](#)), but if we can move it out, I would like to see it go to Bonanza Road if possible. There is a strong need to extend it because it is a severely economically depressed area and people are actually living there. I am definitely willing to extend it.

**Assemblywoman Swank:**

I know there are a lot of folks who live in that neighborhood who do not have their own transportation, so making walkable communities on the west side is extremely important for the viability of those residential areas too. While I appreciate that north of Owens you have some larger businesses—grocery stores and restaurants—but to make some walkable businesses for folks who live in that historic core of the west side would be amazing.

**Chair Neal:**

Members, do you have any additional questions? [There were none.]

**Derek Armstrong:**

I just wanted to thank the bill sponsor. Creating a new tool and promoting economic development in an area that has needed it provides an incentive to create a catalyst and has the ability to improve people's lives. Oftentimes we forget about that when we are doing economic development—that the end goal is to create a higher quality of life for Nevadans. I definitely see some opportunity utilizing tools like this to do that.

Also, to ensure the Committee understands, GOED does have a focus and does help small businesses—92 percent of the businesses we have helped and assisted since 2011 have been small businesses. We look forward to working with the bill sponsor and the SNEC Advisory Council to ensure this helps improve Nevadans' lives.

**Chair Neal:**

I will now take testimony from those who are in support of A.B. 385. We will start down south.

**Cedric Crear, Councilman, Ward 5, City of Las Vegas:**

The City of Las Vegas, as well as myself, supports A.B. 385 and the language in the proposed amendment ([Exhibit I](#)). This bill helps provide a much-needed funding tool by shifting existing incentive dollars previously intended for the canceled Faraday project at Apex Industrial Park to the urban core where incentives are sorely needed. This incentive will help expand existing businesses in, and also attract new businesses to, SNEC. This community includes most of the historic west side in City of Las Vegas, in Ward 5, which is the city council ward I have been reelected to represent.

As you might know, Ward 5 has an unemployment rate of 15 percent, where around the city and the state it is less than 5 percent. We are underemployed and underwaged. The City of Las Vegas is implementing a new and expanded effort to address unemployment and underemployment through the city's Ward 5 Works program. This program aims to provide skills assessment, job training, and job placement services in a one-stop shop format and to engage the residents of Ward 5 where they live.

Having these transferable tax credits authorized for SNEC will complement efforts of the City of Las Vegas to connect new and expanding employers to Ward 5 residents. I urge you to support approval of this bill. I also urge you to look for the expansion of the area down to Bonanza, as mentioned by Assemblyman McCurdy, which will help my constituents be afforded employment opportunities which could better attract with these incentives.

**Ken Evans, President, Urban Chamber of Commerce, Las Vegas, Nevada:**

I would also like to thank the bill sponsor for A.B. 385. I think this will provide another tool that will hopefully spur economic development in a traditionally unserved and underserved area. To Deputy Director Armstrong's point, one of the things we also recognize is that small businesses represent the lion's share of employers, and in an area like this, there are lots of opportunities for small business development. With this bill our hope is we can continue to get small businesses to participate in new and emerging markets, such as cybersecurity, information technology, or other emerging markets—draw those types of businesses to this particular area—and in turn, create employment opportunities in this area so members of this community can be part of emerging technologies or emerging markets that traditionally they might not otherwise be part of. To that point, we support of A.B. 385.

**Chair Neal:**

Is there anyone else down south who would like to testify in support of A.B. 385? [There was no one.] I will move to those who would like to testify in opposition to A.B. 385, here in Carson City or down south. [There was no one.] Is there anyone who would like to testify as neutral on A.B. 385?

**Jared Smith, Chief Operating Officer, Las Vegas Global Economic Alliance:**

The Las Vegas Global Economic Alliance (LVGEA) is neutral on this bill. We support economic incentives for companies of all sizes, as these incentives offer us leverage to assist in job creation and inducing investment. Should this bill move forward, the LVGEA team would be happy to provide general project management services and help prospective companies prepare applications for certificates of eligibility with the program.

**Assemblyman Kramer:**

I see this as an incredible tool to be used in your neighborhood. I have walked a good part of that area, and I agree with Assemblywoman Swank that going down to Bonanza would be another area that could really benefit from this. Frankly, I would like you to consider amending your bill to include down to Bonanza.

**Assemblyman Flores:**

I think there has been a consistent trend that, when we have and expand these incentives, there is a notion that whoever is going to save or vitalize our economy is somehow outside of Nevada. I think through this bill you are putting it back in the hands of Nevadans. We can go to these traditionally underrepresented communities and tell them everything we are doing to attract those outside our state we are now going to do for you—putting our destiny back in the hands of Nevadans. I have been critical of that in the past and I think this is an amazing first step. I want to thank you for doing this. It is much needed. It is a conversation that could have been had 20 years ago and would have been appropriate, as it is today. I want to help in whatever way I can. You are telling our small businesses, We believe in you and we are going to invest in you. There is nothing better than having Nevadans who care about our state, who have every intention of staying here and putting the incentives in their hands because they are not going anywhere. They are going to make sure their kids stay here—they were raised and groomed here. When we put the incentives back into Nevadans, we send a strong message that we believe in small businesses here.

**Chair Neal:**

Assemblyman McCurdy, do you have any closing remarks?

**Assemblyman McCurdy:**

I am wholeheartedly committed to ensuring that we live in a Nevada that recognizes all the citizens of the state—no matter where they live or what ZIP Code they are in. We have an opportunity and we have the obligation to ensure we provide economic opportunity to every resident in our state. That is what this bill does. Thank you for your time and attention. I urge your passage.

**Chair Neal:**

I will close the hearing on A.B. 385 and open the hearing on Assembly Bill 443.

[Assemblywoman Spiegel assumed the Chair.]

**Assembly Bill 443: Removes the prospective expiration of the Clark County Sales and Use Tax Act of 2005. (BDR S-1128)**

**Chuck Callaway, Police Director, Office of Intergovernmental Services, Las Vegas Metropolitan Police Department:**

Clark County Sheriff Joe Lombardo and our Chief Financial Officer, Rich Hoggan, are with me today. We also have a presentation ([Exhibit K](#)) representing the other law enforcement agencies in Clark County that receive this revenue—Boulder City Police Department, Mesquite Police Department, North Las Vegas Police Department, and Henderson Police Department.

Before you today is an extremely important and vital bill for public safety in Clark County. It looks fairly simple in how it is drafted—less than one page. Mental health, human trafficking, homelessness, the opioid crisis, and many other issues you hear about on a daily basis in bills in front of you in various committees, these are bills that need police resources to work on and partner with the community, and that is why this bill is so vital.

I want to point out that in 2004 the voters in Clark County approved an advisory question [Clark County Advisory Question No. 9]. I will submit the language from the ballot question to the record ([Exhibit L](#)). Why this is important is, if you look at the ballot question language, there is no mention of a sunset. If you look at the argument against passage the voters had in front of them, it specifically states in the third paragraph the problem with this tax is, it never goes away. I would also quote on the final page of the advisory question, in the fiscal note, where it says the sales and use tax would continue until no longer required to support additional police officers. I think that is important. When the voters voted on this, they did not vote thinking there was going to be a sunset on it.

I will now turn it over to Rich Hoggan, our Chief Financial Officer, who is going to take you through a very short presentation on what we have done with this revenue and why it is needed.

**Rich Hoggan, Chief Financial Officer, Office of Finance, Las Vegas Metropolitan Police Department:**

As Mr. Callaway mentioned, we are just going to go through a brief presentation on behalf of all of the police departments that are affected by the More Cops tax funding. You heard from all of us in detail fairly recently, so we thought, in deference to your time, we could consolidate our presentation into one for the purpose of brevity and to make the impact to all of us known at one time.

Just by way of recap, page 2 ([Exhibit K](#)) gives a short history of the More Cops sales tax funding. The voters approved an advisory question in 2004 to levy up to 5 cents of sales tax funding, specifically for the purposes of hiring and equipping police officers. The Legislature approved 0.25 percent of that levy in 2005 [Assembly Bill 418 of the 73rd Session], and at that time added a prohibition against supplanting and requiring quarterly reporting requirements. During the downturn, we did not go forward with

requesting any additional levy beyond that 0.25 percent—although the voters approved up to 0.5 percent—for obvious reasons. The economic impacts of the downturn necessitated that we not pursue anything that would impact people even more than they were already feeling impacted by that downturn.

In the 2013 Session there were some additional reporting requirements levied at that point and the board of county commissioners was allowed to levy up to 0.15 percent of the 0.25 percent. The Board of Clark County Commissioners was given a permissive requirement to levy up to the 0.15 percent if it occurred before fiscal year 2016. The county commissioners did levy 0.5 percent of that up to 0.15 percent in 2016, and we have hired additional officers as a result of that additional funding.

Why now? Why is it important that we discuss lifting the sunset that exists now? There are a few reasons (page 3, [Exhibit K](#)). As you are all very well aware, property tax caps have limited our ability to look at other funding sources to absorb those positions if the sunset were to occur. For example, in this most recent property tax funding, just for the property taxes that come directly to the Las Vegas Metropolitan Police Department (LVMPD), there is over \$53 million abatement just for our department alone. That does not include the county funding, the City of Las Vegas funding, that fund us as well, or any of the other jurisdictions.

Also, and probably most important, if the sunset is not lifted—as you will see when we get into the impact the funding has had—we are going to have to start now to make contingency plans for how to absorb that impact. As you will see, it is very significant. This is something that, if the sunset is not going to be lifted, we have to start planning for. Finally, at least in the LVMPD, we have a sunset of an additional 0.20 percent in property taxes, which for the next fiscal year is about \$103 million in funding, and that is something we are also contending with. To have both of those end at the same time would be fairly dramatic.

The impact of the More Cops funding (page 4, [Exhibit K](#)), what we have here is a consolidated slide. You can see that between all of our organizations, there are about 4,000 police officers funded among LVMPD, Henderson Police Department, North Las Vegas Police Department, Mesquite Police Department, and Boulder City Police Department. Of that total, 979 are funded by More Cops, which is about 24 percent overall. You can see, between our various agencies, that that is an impact—to one degree or another—with the highest impact, of course, being to the Mesquite Police Department. As we have mentioned before, at least for LVMPD, we have had an aspirational goal of getting to two officers per 1,000 residents. We have achieved that through this funding and the Clark County Crime Prevention Act of 2016 funding [[Assembly Bill 1 of the 30th Special Session](#)], as well as support from the city and county, to achieve that goal.

Between all of the agencies, for next fiscal year being representative—of course, this tax would sunset in 2025 without any further action—just to give you an idea of what that looks like for next fiscal year, that is a combined total revenue of over \$148 million (page 5, [Exhibit K](#)).

Based on fiscal year 2020 data, what does that look like to each of our police departments if that funding were to disappear or be eliminated (page 6, [Exhibit K](#))? You can see the workforce reduction that would occur for each of our agencies, and the reduction in the current officer-to-population ratio. We go from a combined officer-to-population ratio across all of Clark County, 1.81 to 1.38. That is exceptionally significant and well below any national average.

The specific implications for our department (page 7, [Exhibit K](#)) regardless of how we absorbed it, there is no getting around the fact that we would have hundreds of employee layoffs. Just to give you an idea of the scale of losing 25 percent of our commissioned workforce, that is equivalent to approximately four to five of our soon-to-be-ten area commands. That would likely also mean—again to put it into context—demotion of approximately 60 to 75 sergeants, 16 to 20 lieutenants, and 4 to 5 captains, assuming we are not able to mitigate that in some other way. We are very confident that there is not sufficient funding to mitigate that in its entirety.

Like Mr. Callaway mentioned, we would see impacts to programs, programs we have been able to dedicate some resources towards, such as our Office of Community Engagement, our Homeless Outreach Team, and our Mental Health Outreach Team, because we would have to focus our resources strictly on responding to calls for service.

To give you an idea of the scale of what that means for the other police departments (page 8, [Exhibit K](#)) in North Las Vegas a loss of the 70 positions funded with More Cops is equivalent to the patrol officer staffing in one of their two area commands. In Henderson, the loss of the positions funded with More Cops is equal to staffing in over one of their three area commands. For Boulder City [page 9], 35 percent of their patrol officers are funded with More Cops. They could eliminate all their detective positions and it would not be enough to make up the difference of what that loss would be from the More Cops funding. For Mesquite [page 10] it would be almost half of their positions. A loss of almost half of your positions would be nothing short of devastating.

That is the summary of what the tax has meant for us. I think we have done a very good job of meeting the intent of the tax, which is to hire additional officers. What we are asking for today is that consideration be given to moving this bill forward and lifting that sunset so we can get the threat of the tax ending lifted off our backs.

**Joseph M. Lombardo, Sheriff, Clark County:**

I would like to reiterate the purpose of the tax in its beginning was a lack of a revenue source to obtain the proverbial two officers per 1,000 we believe has a definitive effect on fighting crime. In the early throes of the tax, the presentation of the tax, and enactment of the tax, we did not have the data to justify the tax in its early infancy. As we move forward from 2005 to present day, that data is present and it shows the definitive effect that police officers have on fighting crime.

For 2018 we had a reduction of 9 percent in violent crime and 4 percent in property crime. If you look at a graph associated with that reduction, it is a converse effect, crime versus officers. The benefits of the tax are evident and the detriment by removal of the tax would be evident if we were not able to lift that sunset. I would be happy to entertain any questions for clarification.

**Vice Chair Spiegel:**

I have a question on page 4 ([Exhibit K](#)) of the presentation, where you show the impact of More Cops positions and you show the ratio of officers per 1,000 residents. Do you have national averages for comparably sized cities for frame of reference?

**Rich Hoggan:**

We do have that information. Annually the Federal Bureau of Investigation composes statistics related to crime, policing, and so forth. The last calendar year that was reported was 2017. Speaking specifically to cities that are the size of Las Vegas, which is anything over 250,000, the total officer-to-population ratio on average is 2.6. Overall, for all police departments nationally, the average is 2.2. That is not including tourists. There are almost 48 million tourists in Las Vegas per year, which also impacts our policing. Those officer-to-population ratios nationally do not include tourists.

**Vice Chair Spiegel:**

During the 30th Special Session for the Raiders Stadium and Convention Center, there were also additional More Cops provisions [Clark County Crime Prevention Act of 2016]. Is that grouped in with this or is that separate?

**Rich Hoggan:**

The additional provisions that were added in the 30th Special Session were very similar to the More Cops legislation. There were some additional reporting requirements added, in addition to what we report under More Cops, to include the gender and ethnicity of the police officers we hire as well as reports on the effectiveness of the Act. We report our quarterly crime statistics along with that. More Cops does not require that information but the Crime Prevention Act does. Those statistics are the same for either funding, so they are reported quarterly ([Exhibit M](#)).

**Vice Chair Spiegel:**

Is the funding separate?

**Rich Hoggan:**

Yes. The funding is separate. It is even a little bit more detailed than that. For the More Cops, we have to report separately the initial funding and additional funding. For the Crime Prevention Act, we report the funding for the expenditures and revenue for the resort corridor and also for the community. There are four different reports we issue quarterly ([Exhibit M](#)).



**Joseph Lombardo:**

The other key point on that is, there is no sunset identified on the Crime Prevention Act money.

**Vice Chair Spiegel:**

We had hearings earlier this session where we were trying to gauge the impact and get reporting based on results from More Cops. The accountability and detail that was provided to this Committee, in my opinion, was pretty disappointing. If the program is not being managed in a way where there can be concise, coherent reporting back to the Legislature of how this is going and how this is working and whether the intent is being fulfilled, then why was it not contemplated that instead of asking for the sunset to be removed, perhaps the sunset be pushed back for a period of five years so the accountability and transparency issues could be addressed in a way that is suitable for the Legislature, and look at perhaps moving forward to remove the sunset once the operational issues, transparency issues, et cetera, were resolved?

**Chuck Callaway:**

That is a great question. I think the key here is, when we talk about reporting and accountability, our reporting and accountability have been top-notch. I am not aware of any issues that have occurred with the LVMPD, and you have to remember that we represent about 80 percent of the law enforcement officers in Clark County. The other agencies have had some difficulty in reporting. We have worked with Assemblywoman Neal—and in fact today we spoke with her about a potential amendment ([Exhibit N](#)) moving forward to address that—to provide clarity and even a penalty for folks who are not reporting properly. We have had a number of discussions off line about how we can do a better job at LVMPD of reaching out to the other agencies and assisting them—training them on the reporting—so there is consistency and people are reporting in a proper manner. While we recognize there has been some lacking in reporting by some entities, we believe we can rectify that moving forward.

**Assemblyman Hafen:**

Regarding the conceptual amendment ([Exhibit N](#)), is the conceptual amendment as presented amenable and acceptable to the agency?

**Chuck Callaway:**

I will defer to Assemblywoman Neal.

**Vice Chair Spiegel:**

Committee members, do we have any additional questions? [There were none.] Assemblywoman Neal will now present her conceptual amendment ([Exhibit N](#)).



**Assemblywoman Dina Neal, Assembly District No. 7:**

With the conceptual amendment to A.B. 443 that adds to what is happening with the sunset, I want to change the reporting mechanism. I wanted to get some additional information around what is reported to the Legislature. This is based on the hearings we have had in this Committee around More Cops, the reporting, and the lack thereof.

In the conceptual amendment ([Exhibit N](#)), if you look at No. 1, I am looking for a description of the equipment purchased with proceeds of the tax, including, without limitation, any laptops, radios, firearms, holsters, and any other equipment and information to identify the officer who received the equipment.

It is my understanding that instead of saying "officer" it would be "position," but the reason and purpose behind it is that in the hearing we had some discrepancies around laptops that were purchased for cars or vehicles that were not attached to new hires. That is a problem. We also had expenditures that were spent on academies, and we were not clear on who was hired or who actually received that money. We did get clarification that there was a certain amount of money that was placed on the shelf, in terms of equipment, which was the \$86,934.33 we saw in our prior hearing when we had the conversation, so I am looking to have some more reporting requirements and a little bit more detail.

That is where No. 2 ([Exhibit N](#)) comes in. For each academy, the expenditures from the proceeds of the tax must be disaggregated based on persons in the academy, persons who dropped out of the academy, new hires who completed the academy, and any equipment purchased for those officers. This particular provision was created because, when we got into the conversation around whom they spent the money on, we found out the money did not follow the new hire, and that is a problem. It was also stated that an academy potentially happened and never came to fruition, yet there was money spent. It was also stated that there were new hires, but we were still not clear on whether that money was actually attached to those new hires. There was a lot of confusion. I figured that No. 2 will help us get to the data that happened in this Committee, in regards to our trying to understand what happened to the equipment, what hires happened, so in the future there is no way we will ever have an entity come to the table and not be able to tell us where the money went. It is not good policy, good practice, or good behavior for us to have to get into the weeds, dig into the weeds, and try to figure out where the money went.

The last part of the conceptual amendment will make it a crime to provide false or misleading information to the entity that is required to submit the report or to knowingly include false or misleading information in the report. Every year the Legislature gets a report. We believe it is being submitted under oath and that it is accurate. This basically creates the penalty of perjury, which is a category D felony. So going forward, in the future, if any entity behaves that way, I wanted to have the penalty of perjury—which is, if you commit a false record to the Legislature, there is a penalty for it.

There was an issue when we came to this session where we found out there were three years of submissions to the Legislature that were potentially inaccurate, and two hearings exposed that. Clearly the conceptual amendment is not retroactive, but going forward, in the future, no matter who is on this Committee, no matter who the Chair of Assembly Taxation is, I wanted to ensure there was accountability and that no one will have to encounter the issue of having to dig in the weeds to find out where the money went. That is what the conceptual amendment is for A.B. 443. I will take any questions you may have.

**Assemblyman Hafen:**

I appreciate this and would like to talk to you off line because I greatly appreciate more transparency and accountability. I would like to clarify a couple of minor things off line.

**Assemblywoman Cohen:**

I have a question about the criminal penalty portion of the amendment ([Exhibit N](#)). We already have statutory law about knowingly providing false testimony before this body. How does that jibe with this? Why does this need to be somewhat different and specifically stated?

**Assemblywoman Neal:**

The way More Cops is structured, it is my understanding that it is currently a gross misdemeanor. I know that when you come to this table you are taking testimony under oath; however, I needed it to be actionable in the interim, when we are not here, when they are not physically present at this table. It is my understanding that I could switch over to perjury. If you read the original Clark County Sales and Use Tax Act of 2005, they are supposed to submit the report to their council before it even comes to us. There is a middle entity that is supposed to review these documents. I was trying to figure out how to get more accountability around the councils, the city councils, who should be watching their own house and making sure the dollars that are being expended, that the Legislature and the people have decided they want to give for policing, are actually being spent appropriately. I was trying to figure out how to go after the people who are responsible for the budget, knowing the budget, and how to get the councils to address or identify issues before it comes to us—if there are some other things to think about or change. I asked and was told my next possible option was perjury, and to put it specifically into statute for the reporting.

**Assemblywoman Cohen:**

Are you aware of any other places in statute where it is perjury to provide incorrect information to this body or anything similar?

**Assemblywoman Neal:**

Yes, several places. We did not create this. I just wanted to put it under the 2005 language, which is what we are amending, to ensure it follows through there. If I do not, then it will just be the normal gross misdemeanor that is currently in play.

**Assemblywoman Backus:**

I need some clarification with respect to the penalty. I was thinking of people who may be providing direction, like someone who is overseeing or supervising. Sometimes people who do accounts payable and enter data could be doing it at someone's direction. Maybe we should clean that up, if the person definition is not broad enough.

**Assemblywoman Neal:**

I had to control myself with this conceptual amendment. I agree with you. I was trying not to be harsh because, in my mind, a person who has been directed to create false numbers or doctor numbers, even if you are doing it under an order, I think you are still equally responsible, either to not do it or to expose the individual who is directing you to do a fraudulent act. I do not want to get the bill in trouble and put something in that I know will not find a place of consensus.

**Vice Chair Spiegel:**

I do not see anything in here about consequences for not reporting.

**Assemblywoman Neal:**

I did not pull the whole act but I believe it is in section 13 of the Clark County Sales and Use Tax Act of 2005 where it spells out what the reporting is—and it is very extensive. It is significantly laid out in regards to what should already occur and when it should occur. We have dates and everything around that. I do not think anybody has ever fallen into the situation of not reporting. I have not seen that yet. That would be interesting. Maybe I will take a look.

**Vice Chair Spiegel:**

Just from my perspective, if we are going to make it a felony to intentionally report inaccurate data in an effort to mislead the Legislature, then someone might be tempted instead to just not report.

**Assemblywoman Neal:**

I will definitely take that under consideration. So far, when I have looked at the history of the reports that have come through, it was not until this session that it came under scrutiny as to the quality of that report.

**Assemblywoman Benitez-Thompson:**

This is more of a comment. I think what you are searching for and we are talking about is someone knowingly and willingly shifting numbers in a way that would mislead us into understanding or easily following those numbers—that there is some real intent.

I do want to echo the support to get more clarity in these dollars. The thing I appreciated in the hearings we had earlier in the session is when we saw how different jurisdictions reported those numbers, it was a great side by side where we can easily follow that allocation of dollars and how they are being used, and then where it was muddy and where it did not make sense.

Do you have any comments for the record about the types of reports the Committee saw and what seemed to be the easiest to follow?

**Assemblywoman Neal:**

In the prior More Cops hearings there were presentations that were clear to follow. What was confusing and interesting about what came into the record is the statute has been very clear as to what has been reported. The Legislature has been getting reports since roughly 2006. It was confusing that we would get that kind of information presented on the record. I consider it a blessing and a curse because they were able to show us what errors are, and what that looks like. I know that Metro had a good presentation. Everyone was very impressed with Boulder City's presentation. I shared that with the entities who fell short to try to help them understand what they needed to do and how they needed to do it.

I think as we got into the conversation it was more than just reporting. It was education. I looked at their police manual because I wanted to know who was responsible for learning and educating themselves on the budget. What I found out was, it said supervisors are responsible for learning the budget, so this is still an in-house thing, and I feel if we put some clarity around law, we will never have an in-house mistake in the future.

**Vice Chair Spiegel:**

I will now take testimony from those in support of A.B. 443.

**Eric Spratley, Executive Director, Nevada Sheriffs' and Chiefs' Association:**

I am in support of A.B. 443. The health of our police agencies in Clark County is vital, not only to the residents and visitors of southern Nevada, but also to law enforcement efforts in our rural jurisdictions in northern Nevada. Their ability to police well disrupts the criminal enterprises that infect the rest of the state, so when the south is running efficiently, the rest of the state is also. They are valued partners of the Nevada Sheriff's and Chiefs' Association and we urge your support of A.B. 443.

**Corey Solferino, Lieutenant, Legislative Liaison, Washoe County Sheriff's Office:**

We are also here in support of A.B. 443. I have spent the last eight hours down at the Division of Emergency Management—Homeland Security 2019 Resilience Commission going through strategic grants for our state awards. One of the things you will see is crime knows no jurisdictional boundaries. So when we work on these things collectively as a law enforcement front, we are greater in power and numbers. We urge your support for this legislation and thank you for the opportunity to address this Committee.

**John T. Jones, Jr., Chief Deputy District Attorney, Legislative Liaison, Clark County District Attorney's Office:**

We just wanted to register our support for this measure.

**Mary Pierczynski, representing City of Boulder City:**

We are in support of this legislation.

**Mike Ramirez, Director of Government Affairs, Las Vegas Police Protective Association Metro, Inc.:**

I am a member of the Nevada Law Enforcement Coalition, which represents over 10,000 members. We appreciate this bill coming forward. As stated, if there were any layoffs, it would be detrimental to us. We hope you all support this bill.

**Richard P. McCann, Executive Director, Nevada Association of Public Safety Officers:**

I am a member of the Nevada Law Enforcement Coalition, representing approximately 10,000 members across the state. We are in full support of A.B. 443. We represent several of the organizations that are part of this More Cops process. We are very much behind it.

**Shani J. Coleman, Deputy Director, Office of Administrative Services, City of Las Vegas:**

We support this legislation.

**Greg Ferraro, representing Nevada Resort Association:**

The Nevada Resort Association is proud of its longstanding relationship with the LVMPD and other law enforcement agencies in Clark County. We supported this legislation in 2005. We continue to support it today. We think it is a necessary and important public policy change to remove the expiration date. It enables Metro to keep up with the vital services they provide, but also to keep up with our growth in our residential areas and protecting our visitors. We strongly urge your approval of this legislation.

**Paul J. Moradkhan, Vice President, Government Affairs, Las Vegas Metro Chamber of Commerce:**

The Chamber is in support of this legislation. We were in support of this legislation previously and we were in support of the Clark County Commission enabling legislation several years ago. As my colleague from the Nevada Resort Association indicated, this is important to our employers, to our businesses, to our residents, and, of course, to our tourism industry in southern Nevada.

**Bryan Wachter, Senior Vice President, Retail Association of Nevada:**

This bill gives the ability for Metro to plan for the growth you have heard so much about going forward. We urge your support.

**Vice Chair Spiegel:**

We will now go to Las Vegas.

**David Burns, Chief of Staff, City of Henderson Police Department:**

I am the acting deputy chief for the City of Henderson Police Department. Thank you for allowing us the opportunity to speak on A.B. 443. The City of Henderson supports removing the sunset provision from the Clark County Sales and Use Tax Act of 2005, also known as the More Cops Act. The More Cops Act will provide approximately \$18.7 million in fiscal year 2020. This funding will support over 98 Henderson police officers, which is approximately 25 percent of our sworn police officer force. These officers are in our patrol

division and in our community daily, serving Henderson's residence, workforce, and visitors. If the More Cops Act were allowed to sunset, we would either have to lay off these 98 officers or find a way to absorb an over 20 percent increase in our general fund budget by 2025. That would be a significant disruption to the city's budget and public safety services. We support A.B. 443 and have no concerns with Assemblywoman Neal's amendment ([Exhibit N](#)).

**Vice Chair Spiegel:**

Is there anyone else wishing to testify in support of A.B. 443 either here or in Las Vegas? [There was no one.] Is there anyone who wishes to testify in opposition to A.B. 443? [There was no one.] Is there anyone who wishes to testify as neutral on A.B. 443? [There was no one.] There are no closing remarks. I will close the hearing on A.B. 443 and open the hearing on Assembly Bill 446.

**Assembly Bill 446: Revises the Nevada New Markets Jobs Act. (BDR 18-1100)**

**Assemblywoman Dina Neal, Assembly District No. 7:**

I will be presenting Assembly Bill 446 this evening. Members, you may recall earlier in the session we heard presentations giving you background information of bills or concepts that have come through the Legislature. The Nevada New Markets Tax Credit was one of the concepts the Department of Business and Industry gave you a small piece of education on. Assembly Bill 446 is attempting to be a continuation of the Nevada New Markets Tax Credit Program.

The purpose of the Nevada New Markets Tax Credit Program was to encourage investment in low-income community businesses while also reducing the borrowing or financing costs to businesses. Something you will learn from this bill is that a quality equity investment (QEI) is made into a community by a community development entity (CDE), and in turn they use the proceeds of the investment to make loans or equity investments in qualified active low-income community businesses located in low-income communities.

If you remember from the hearing, we had businesses that were in the rural areas and we had businesses that were down south. One of the most prevalent ones was the Nevada Donor Network—one of the qualified businesses that received investment. With this bill we are trying to move the Nevada New Markets Tax Credit Program into the next seven years. It expires in 2020 and we have only a small amount of credits left. Since it performed so well in regard to supporting small businesses—we saw rural movement and movement within lower-income communities in the south, pretty much all across Clark County—this bill is an effort to extend it and allow some additional investment to occur.

Section 1, subsection 1 of the bill identifies a qualified CDE and that they may make a qualified low-income community investment with other qualified CDEs. What is unique about this bill and the prior bill [Senate Bill 357 of the 77th Session] is that CDEs can partner. You can be an individual company or you can partner with another and move your credits together in order to make a qualified investment.

Section 1, subsection 2 additionally allows a qualified CDE to make a qualified low-income community investment using money that is attributable to the purchase price of a qualified equity investment; the amount paid to a qualified CDE for a QEI, as defined in 26 U.S.C. § 45D [Section 45D(b) of the *Internal Revenue Code*]. This bill is built around section 45D of the *Internal Revenue Code*.

Section 2 has a provision that lays out in *Nevada Revised Statutes* (NRS) 231A.110 what a qualified active low-income community business is and the limitations. I know this is not new language. I am trying to help you understand this is the language of what a small business is. It uses the small business administration (SBA) definition for size eligibility. It lays out that a business must be considered a qualified, active, low-income, community business for the duration of the qualified community-development investment. In addition, section 2, subsection 2 lays out that, except as provided in this subsection, the businesses limited by this section do not include any business that derives or projects to derive 15 percent or more of its annual revenue from the rental or sale of real estate. I was very specific when I was creating exclusions in 2013 to ensure it did not include real estate. I did not want people using those dollars for buying land. I wanted it to help move businesses forward so we could see a true investment.

Section 2, subsection 3, paragraph (b), tells us what businesses are not qualified active low-income community businesses. These are the exclusions: businesses that are engaged in banking or lending; massage parlors; bath houses; tanning salons; country clubs; businesses operating under a nonrestricted gaming license pursuant to NRS 463.170; liquor stores; and golf courses.

Section 2, subsection 4 is what I think is the best part, and people who love accountability will love this provision. It basically says that if an entity applies for an abatement from the Office of Economic Development, Office of the Governor (GOED), and they say they want to be a Nevada New Markets candidate—you cannot have both. You will have to give up your GOED abatement in order to participate in the Nevada New Markets Tax Credit Program. It prevents double-dipping.

Section 3 lays out the recapture provisions and what a QEI is eligible for. Before I get into the recapture provisions, typically how this worked was it was \$200 million in insurance premium tax credits. Initially the floor was \$5 million in terms of minimum investment and then the maximum was \$50 million. We are amending that ([Exhibit O](#)) to be \$20 million because the average CDE that got an investment was around \$22 million over the seven years. I believe the lowest was \$8 million that was received.

This came up when the bill passed in 2013 that with \$200 million we can only get four CDEs and it is a very limited investment. We are trying to figure out how to spread the money around, so on average it was about \$22 million per CDE, which is the investment company that will loan to an actual business.

This recapture provision was very important because the amount of the federal New Markets Tax Credit that a QEI is eligible for, it allows under section 45D of the *Internal Revenue Code* to recapture a proportion of it if they fail to perform. So, in section 3, subsection 2, this talks about redemption or makes a principal repayment with respect to the QEI before the seventh anniversary. So how does this work? If you look at the PowerPoint presentation (page 5, [Exhibit P](#)), in the investment structure it is two years before they can pull the trigger. Year one, the date of initial quality investment is 0 percent. The first anniversary date is 0 percent. The second anniversary date is 12 percent. The maximum total credits they can receive is 58 percent, and they get that in the seventh year. It works in an interesting way because it allows credits to happen after the investment occurs.

If you look at section 3, subsection 3 deals with if the issuer fails to invest an amount equal to 85 percent of the purchase price of the QEI in qualified low-income community investments in this state within 12 months. With this provision we are once again ensuring that individuals used the credit and within 12 months we could see some type of activity occur.

I want to talk you through the amendment ([Exhibit O](#)). The effective date will probably change because the way the bill is written now we have to ensure it is not built on the calendar year but the fiscal year, so the trigger of the bill happens after the 2021 biennium. So although it will pass, you have that two-year window in order to trigger that investment. The investment would have to be the third-year anniversary, where they can get the 12 percent, and that would actually happen in 2022.

There will be an amendment presented by Advantage Capital Partners ([Exhibit Q](#)), but that amendment only helps me to add the \$200 million back into the bill. When the bill was initially drafted, it was drafted without the credits.

My conceptual amendment ([Exhibit O](#)) to the bill was to add the \$200 million back in, and to ensure that we were clear on the ability to stack. So when this bill first came out [[S.B. 357 of the 77th Session](#)], there was a low-income qualified business that wanted to use the Nevada New Markets Tax Credit but in order for them to be eligible for their investment, they needed to be able to use the federal New Markets Tax Credit. There was a huge discussion going back and forth with Nevada Department of Business and Industry on whether we could stack. The bill did not speak to an exclusion of stacking, but I just wanted to ensure that going forward, minus who is at the Nevada Department of Business and Industry or anyone else, it is clear you can stack the federal and state investments. The entity that was actually able to use that was Eclipse Theaters. When they were able to do that, they leveraged their money and were able to take the federal and state credits and go to the bank. They were in a much more stable investment position in order to move forward with their investment. You can see what that outcome was because Eclipse Theaters is still around and still making its way.

The last item in my conceptual amendment ([Exhibit O](#)) was to ensure there was some kind of refinancing plan after the debt is about 4 years old. The reason I wanted to add that in is, although they should get a good rate, the CDEs are running the risk. There is a point in the



process where the rate needs to be dropped down when it is apparent a business is performing and has made it past the vulnerable years, where you can see it is turning a profit and is able to make the payments. What can happen in this particular model is, if you are not able to refinance your debt, the debt can eat the profit you are trying to make, which is of no benefit to a business. Ultimately you take the risk because you are saying, eventually I am going to make all this money and am going to be able to pay my payments. A simple real-life example is, if you have \$10 and your debt is \$8, you would like to renegotiate that because at the end of the day you only have \$2 to reinvest back into your business—to make business decisions, business changes, and enhance your business. Your money is tied up.

I wanted to discuss that because there is a need to be able to free up that money now that you see them healthy and performing. I wanted to make sure that conversation happened because there were a couple of businesses that benefited from the Nevada New Markets bill from 2013 and were at a point where they needed to refinance but were having a hard time being able to. I wanted to bring that up and ensure there was at least a conversation, not a mandate, but at least a conversation that needs to be triggered after four years. I will open myself for questions.

**Assemblywoman Benitez-Thompson:**

You and I have had so many conversations, having sat on the Assembly Committee on Taxation for five sessions since we were freshmen. We have seen a lot of different versions of tax credits come before this Committee. We have talked a lot—philosophically, existentially, practically—about tax credits. We have talked a lot about how I have consternation with tax credits and how they impact our sheets. We work so purposefully to pull revenue into the state and when it comes off the sheets, we cannot put it into other very important uses in the state.

I think what resonated with me most was the first presentations we heard on the Nevada New Markets Tax Credits, the types of projects they were working on, and the benefit to the community around them. There is such a difference when we are talking about using tax credits in that manner for community needs—a difference of how we could have tax credits used in the state.

I still remain nervous. I always think, if we are going to do something like tax credits, we should treat them as equally important as we would an appropriation, which means you follow where those dollars go, you talk about accountability, and look at the bill sold to us in a Committee hearing two years later to see what ended up happening—we can do a look-back. I appreciate section 2, subsection 4—the ability not to double dip. Philosophically that is something we have always struggled with—how much the state is going to help support business and innovation and what is the right balance.

I wanted to get clarification from you on the record. When you talk about stacking the federal and state New Markets Tax Credits, do you have an intent to allow any other combination of financing to come into play? Are there other specific things you would not like to see happen?

**Assemblywoman Neal:**

I actually do not envision any other kind of stacking. You are either a GOED client or you are a Nevada New Markets client. Here is how it works. If there is already an established zone that allows low-income investment, the Nevada New Markets Tax Credit can be used within that zone. It can only use the existing money the CDE has to invest, meaning you still have to produce a project, you still have to produce a business that a CDE wants to invest in that is in that zone. The only difference is there may be other incentives the CDE may be able to trigger that make their investment worth the risk. That is the only thing I envision happening, meaning that if we get Opportunity Zones, if they designate a census tract and that census tract happens to be an eligible census tract for the New Markets, there is nothing that eliminates New Markets from being in the same census tract as an Opportunity Zone. I do not envision it pulling modified business tax, local school support tax, property tax, or any other abatement that is out there. Any of the GOED tools will not apply. It will be the New Markets investment dollars—the insurance premium tax that applies and is credited to that investment, and they have to use that in that way.

**Assemblywoman Benitez-Thompson:**

I think sometimes we can leverage and layer things that work really well, but then other times we as legislators will hear about things that have been leveraged and layered in ways that we perhaps never imagined. It is always interesting when you have those pop up. I thought I would just get your intent on the record. You are housing it in the Nevada Department of Business and Industry, or continuing to house it there, so they have the expertise in doing the process by which you qualify someone for the tax credits.

**Assemblywoman Neal:**

Yes. That is the best place for it mainly because they have already gone through the growing pains of the application process and laying out the criteria for vetting. If you go to the Nevada Department of Business and Industry website, they actually have a full-scale process of how to vet those CDEs when they come in, what their application process will look like, the actual form, and have already walked through this process. I like building on institutional knowledge and they have already experienced stacking. They already know what the limitations are. They already know, if a CDE comes in, what to ask for and what to expect. There are only so many CDEs that are players in the market, and more than likely we will see the same CDEs come back in and apply. I think that is a benefit because they have already thought through it. I do not think we should run into any kinds of kinks or issues.

**Vice Chair Spiegel:**

Do we have any additional questions? [There were none.] We will now take testimony from those in support of A.B. 446.

**Gerd G. Poppinga, President and Chief Executive Officer, Vineburg Machining, Inc.,  
Carson City, Nevada:**

I am here in support of A.B. 446. I am the recipient of one of those loans. About 4 1/2 years ago, I received a loan of \$2.5 million which allowed my business located in Lyon County to grow—to buy equipment, hire more employees, and expand the facility. That is basically it in a nutshell.

**Mark Scheffel, Senior Vice President, Advantage Capital Partners, Denver, Colorado:**

I am with Advantage Capital, which is one of the CDEs that qualifies under the program to compete for an allocation of credits and ultimately make investments. I appreciate your time this evening. I obviously rise in support of the program.

Advantage Capital is a small business investment company that specializes in providing much-needed capital to small businesses in underserved areas in the country. Advantage Capital is in its 27th year and has invested nearly \$3 billion in some 700 companies. If you crunch the numbers on that, it is an average of about \$4.3 million per investment, so these are relatively small investments. That investment over those years has supported nearly 50,000 jobs nationwide.

As I said, I am here in support of A.B. 446 and applaud the vision of your state in adopting the program some seven years ago, and definitely support the renewal of the program with this session.

The Nevada New Markets Jobs Act provides incentives for private investment companies to bring much-needed capital in the form of debt and equity to businesses that would normally not receive such investment support. The impact of such investment is profound in that it provides the necessary equipment and tools that allow businesses to grow and expand and develop new product lines—all of which result in the retention of existing employees and the hiring of new employees. The jobs created under the Nevada New Markets Jobs Act program are oftentimes highly accessible jobs with robust training programs and opportunity for significant career advancement and income mobility, particularly important in areas of the country, like parts of Nevada, where wage growth has been limited.

The Nevada New Markets Jobs Act program provides firms like mine, Advantage Capital, to utilize its impact-driven investment approach and capabilities to seek out and invest in companies that are growing, creating high-quality, high-wage, low-barrier jobs that contribute toward a stronger, more diverse Nevada economy. Therefore, I urge your support of A.B. 446.

In conclusion, it is easy to talk about the structure, which is somewhat complex, and as Assemblywoman Neal said, it mirrors the federal program. Practically speaking, what happens is, there is a referral process. Once this program is kicked off, it can come from economic development groups, chambers of commerce, and folks who know the community, and in addition, firms like Advantage Capital have very sophisticated investment teams who use sophisticated algorithms and search programs to find companies poised for growth.

I have had the opportunity and privilege to visit some of these companies and have done so in this state. I know there are other folks down south, and some who had to leave, who will have future opportunity to testify.

A story is worth a thousand words, and I was in such a company that came to us through this process. I get to see the equipment we invest in and that is always fun. It is typically big, shiny, and does awesome things, so on the investment side, that is always exciting. I always take the time when I visit these companies to meet their latest hire—somebody whose life has been changed through this. I had the privilege of doing that in one such company outside of Las Vegas. I was able to chat with a young lady who had been able to grow from a fairly routine, mundane job to an advanced job, where she was involved in training and different things. It made a difference in her life, the life of her family, and you saw that multiplied because additional employees were hired. Through the growth of the company, what happens with these investments is you see a company grow, more employees are hired, and existing employees are actually given the opportunity to advance. This is very gratifying.

You all are very trend-setting in your approach to this in that you have had this program for a number of years and now you are looking to renew it. I applaud you for that. I urge the bill's support and believe you will see a more robust economy coming for your state as a result.

**Assemblywoman Benitez-Thompson:**

In section 1.3 of the amendment ([Exhibit Q](#)), where it talks about administering the provisions of the chapter, could you tell me what those look like?

**Jim Penrose, representing Advantage Capital Partners:**

That provision is going to disappear from the proposed amendment ([Exhibit Q](#)) at the request of the bill sponsor.

**Assemblywoman Benitez-Thompson:**

For clarification, is it just cost of administration or is it all of section 1.3?

**Jim Penrose:**

It is all of the new language that would be added as section 1.3.

**Assemblywoman Benitez-Thompson:**

So we have just the remaining change in section 3.3. Is that correct?

**Jim Penrose:**

Section 2.3 is the number we have given it, and then section 3.3 on the final page of the proposed amendment ([Exhibit Q](#)), which is the allocation piece.

**Assemblywoman Benitez-Thompson:**

Tell me how Advantage Capital fits into the process. Once the bill is passed and the allocation is placed, is that just passed through to Advantage Capital? Do they do all the work in administering the fund?

**Mark Scheffel:**

Advantage Capital is an investment company. We are one of the CDEs. That is the language used in here, one of many hundreds that have the opportunity to qualify under the bill to make application to your Nevada Department of Business and Industry for an allocation of the credits. We are just one of the many companies that have invested here in the past and could invest here in the future.

**Vice Chair Spiegel:**

Are there any additional questions? [There were none.]

**Jim Penrose:**

I did want to walk through the balance of the amendment you have before you ([Exhibit Q](#)). The amendment in its current form basically makes two changes to existing law. Under NRS 231A.230, that section sets forth a process that is followed whereby the Department of Business and Industry certifies an equity investment as qualifying for tax credits. If you look at the language at the middle of page 2 of the proposed amendment, currently under existing law the minimum equity investment that can be certified by the Department of Business and Industry as qualifying for tax credits is \$5 million. At the request of the Department of Business and Industry, we would propose that number be increased to \$20 million, which, to my understanding, historically has been the average equity investment that has been certified by the Department of Business and Industry.

The reason for that is, generally speaking, larger investments tend to be more efficient and effective, and because the total allocation available is \$200 million, increasing the minimum amount from \$5 million to \$20 million effectively reduces the number of qualified CDEs that are involved in the program and reduces to that extent the cost of administering the program, simply because there are fewer entities to keep track of.

The final and most important provision of the proposed amendment is set forth in transitory language as section 3.3 (page 3, [Exhibit Q](#)). The Legislature, when it adopted this program in 2013, authorized the Nevada Department of Business and Industry to allocate a total of \$200 million in qualified equity investment. Over the seven years the program has been in effect, that money, to my understanding, has been essentially completely allocated. It certainly will be completely allocated before the Legislature reconvenes in 2021, so section 3.3 of the proposed amendment simply renews the Department of Business and Industry's authority to certify \$200 million in qualified equity investments over the period of the allocation, which we anticipate will be an additional seven years. I am happy to answer any questions you may have and I appreciate your time.

**Assemblywoman Benitez-Thompson:**

With the \$200 million coming from the insurance premium tax, is that over the course of seven years or are we doing that all this biennium for allocation over seven years?

**Jim Penrose:**

I would say the latter. The authority is being granted in this bill, as amended, with the expectation that those allocations will occur over a period of seven years.

**Mark Scheffel:**

To clarify, the way it is designed is there is a delay, as Assemblywoman Neal talked about. The idea is to delay the actual start-up of the credits because you want the investment to get out there sooner or later, so there is actually a 12-month requirement that the investment get out there. The credits do not start to flow until year three. There is a two-year break and then it is three years of 12 percent and two years of 11 percent. That is how you get your 58 percent. You foster the investment on the front end and then you mete out the credits that helps timing on your budget hit.

**Vice Chair Spiegel:**

I see we have Ms. Schnog down south from the Department of Business and Industry. Did you want to weigh in on this?

**Karen Schnog, Management Analyst, Department of Business and Industry:**

I am just here to answer any questions, like those details you are asking. I am the management analyst who works on this program.

**Vice Chair Spiegel:**

Committee members, do we have any additional questions? [There were none.] Is there anyone else who wishes to testify in support of A.B. 446? We will start with Las Vegas.

**Matthew Wadsworth, Vice President of Clinical Affairs, Nevada Donor Network:**

On behalf of Nevada Donor Network (NDN), the federally designated nonprofit Organ Procurement Organization serving most of the state of Nevada, thank you for the opportunity to testify in support of the Nevada New Markets Tax Credit Program. There are currently more than 114,000 people in the United States who are awaiting life-saving organ transplants. More than 600 of those desperately waiting are Nevada citizens. Every 10 minutes a new name is added to the national waiting list and 20 people die every day across the country because there are simply not enough of these precious gifts to meet the need. In addition, thousands of others are in need of healing tissue and corneal transplants at any given time. We are the organization charged with recovering and maximizing those gifts within the geographic area we serve.

Since 2012 our team at NDN has risen to lead the world by a significant margin for the number of transplanted organs, tissue, and eye donations on a per-capita basis. This success has come to fruition in large part because of the very close partnerships we have cultivated with other Nevada-based organizations and the support we have received over the years from vital programs like the Nevada New Markets Tax Credit. Because we are a nonprofit, life-saving and health-restoring organization, we are very grateful for the \$2.4 million we received in state matching funds in 2014 through this program for a total project cost of \$8 million invested in our organization on behalf of the Nevada community.

When we finalized the Nevada New Markets Tax Credit deal, we had 104 employees; today we have 132, which speaks to the jobs created through facilitated growth as a result of the continued investments in our programs. It is also important to note that our average wage has risen from \$69,000 per year to \$74,000 per year subsequent to the program, not to mention the several construction jobs which were created upon the significant tenant improvements of the two buildings we purchased with these funds to accommodate our growth. We have also invested some of this money into a 20,000-square-foot, high-tech tissue-processing facility called Origin Biologics near McCarran International Airport, which has been renovated and completed with our investment contribution creating many construction jobs. This facility is in the regulatory approval and validation phase. Once this process is complete and they are approved for operations by the FDA [Food and Drug Administration], this will generate dozens of additional highly skilled and highly paid jobs. Lastly, we were able to invest in our donation services call center, which was previously outsourced to an organization in another state. These critical jobs are now here in Nevada thanks to this program.

In summary, as a very successful beneficiary of the Nevada New Markets Tax Credit Program and a world leader in our mission on behalf of Nevadans, all of us at NDN hope you will continue to fund this critical resource. If we intend to attract and retain highly skilled workers to Nevada for meaningful work, it is imperative that this type of investment in local businesses continue. Thank you once again for your thoughtful consideration.

**Vice Chair Spiegel:**

Thank you for your testimony and thank you for the services you provide.

**Matthew Driscoll, Public Relations, Account Supervisor, R&R Partners:**

I am speaking very briefly on behalf of two gentlemen who run businesses made possible by this program: Baze Melamed with Western Group Packaging ([Exhibit R](#)), and Gustavo Gutierrez with Tortillas, Inc. They had to return to work. Both companies run very busy night shifts. They asked me to enter their names into the record and express that they very strongly support both this program and this bill. It has made a lot of things possible for them.

**Ken Evans, President, Urban Chamber of Commerce, Las Vegas, Nevada:**

I want to thank Assemblywoman Neal. She has already covered one of the key success stories for the Urban Chamber—Eclipse Theaters. I have been aware of that project for a long time and the jobs it has created. That part of our community has had some challenges in the past, but by having that building there, it is doing a lot, not only to employ people, but has become a beacon for that part of the community.

I have been at the Urban Chamber for five-plus years. During that time, CDEs have come to town and actively sought out the Urban Chamber in an effort to try to identify projects and/or businesses, specifically small businesses that are trying to grow. I greatly appreciate that.

I also want to thank the Nevada Department of Business and Industry staff for their efforts to educate us on the Nevada New Markets Tax Credits and the benefit and role it can play in economic development. Based on all those things, I would encourage your passage and support of A.B. 446.

**Vice Chair Spiegel:**

Is there anyone else to speak in support of the bill down in Las Vegas? [There was no one.] We will move up to Carson City and those who are in support of A.B. 446.

**Paul J. Moradkhan, Vice President, Government Affairs, Las Vegas Metro Chamber of Commerce:**

As you have heard from several individuals and small businesses in Nevada, this program has helped them. It has helped create jobs. It has helped diversify the economy. The Chamber, representing the largest consortium of businesses in the state of Nevada, is mostly made up of small businesses. We are in support of this bill and would like to thank the bill sponsor, Assemblywoman Neal, for bringing this bill forward.

**Randi Thompson, Private Citizen, Reno, Nevada:**

I am testifying for myself as a board member of the Sierra School of Performing Arts (SSPA), a 14-year-old nonprofit performing arts organization in Reno, in support of A.B. 446. We are in the process of purchasing the former First Church of Christ, Scientist in Reno, now called the Lear Theater. It is a historic building, designed by famed African-American architect Paul Revere Williams. Mr. Williams was honored to be the first black architect accepted to the American Institute of Architects.

We are planning to restore the building to a state-of-the-art performing arts theater and multipurpose events center in northern Nevada. This project is critical to the renovation of downtown Reno along the west river downtown area. The Lear is a grand building that has been vacant for close to 20 years, and prior efforts to restore it haven't fallen short due to the lack of funding. Federal and state New Markets Tax Credits will be key elements to provide financing for the renovation of the Lear. In fact, these tax credits will substantially leverage SSPA's ability to raise the funds needed to finish the renovation.

We have hired a national New Markets Tax Credit consultant to help us secure federal New Markets Tax Credits, and we have received preliminary approval from a New Markets Tax Credit investor to fund the project. It is our goal to additionally receive Nevada New Markets Tax Credits to pair—or stack, as Assemblywoman Neal called it—with the federal tax credits to reduce the overall funding requirements.

Our consultant has worked on the tax credits for Northern Nevada HOPES, which Steve Trollope, here at the table with me, will speak about. HOPES is a federally qualified health center in northern Nevada. He was able to receive and work with both the federal and the state New Markets Tax Credits.



Our consultant has indicated to us that some states passed legislation that set aside a portion of the tax credits for nonprofit programs, and we would like to see if that is something we could do here. It is a conceptual idea that I have only thrown out to Assemblywoman Neal today, so I would like to at least have that discussion and maybe we can talk about this on the Senate side.

Nevada New Markets Tax Credit, by getting that set aside, will actually save the Lear project hundreds of thousands of dollars by eliminating those fees. So again, we do not have any suggested language, but I would like to at least have that conversation. The ability to have the Nevada New Markets Tax Credit will be substantially helpful to this project.

**Steve Trollope, Private Citizen, Reno, Nevada:**

I am a Reno businessman and entrepreneur, testifying as myself and as the team manager of the Lear Theater development team. This team was organized solely for the purpose of assisting Sierra School of Performing Arts with the renovation and operation of the Lear Theater. I, along with my fellow members of the development team, all known local business leaders and professionals in the area, are fully in support of A.B. 446.

As Ms. Thompson noted, restoring the Lear Theater into a nonprofit, state-of-the-art performing arts center and multiuse events center will serve the greater Reno-Sparks region and is a main goal of ours. It is going to support many performing arts groups that face challenges accessing and paying for theater facilities they desperately need for their performances.

There are a number of benefits I could outline for you right now that are going to be provided by this project—economic, community, social, as well as job-creating.

To fund the projected \$13 million in renovation costs, we have elected to evaluate and pursue federal and state New Markets Tax Credits, assuming we can get approval from the Legislature. Acquisition and stacking of these credits will constitute a substantial portion of the funding we need to do this project, and it provides us significant leverage to raise the remaining funds we need to round off our capital raise.

Nevada New Markets Tax Credits play a very critical role in the project's financing structure. I say this because, as Ms. Thompson mentioned, I am a former member of the board of directors of Northern Nevada HOPES and I played a key role in the project financing structure for HOPES' new medical center. In that project, we successfully leveraged the state credit, stacking it with federal credits, and were able to increase the size of the medical center from 19,000 square feet to its now 37,000-square-foot-plus footprint. It was a major accomplishment using those tax credits.

I am going to skip to the end because I have a lot of comments that the prior people who testified have made and with which I am totally in agreement. I would like to thank Assemblywoman Neal for introducing this legislation and I would thank the Committee members for your service and support of this bill.

**Vice Chair Spiegel:**

Do we have any questions? [There were none.] If there is no further testimony in support, is there anyone who wishes to testify in opposition to A.B. 446? [There was no one.] Is there anyone who wishes to testify as neutral on A.B. 446?

**Terry J. Reynolds, Deputy Director of Administration, Department of Business and Industry:**

I want to thank Assemblywoman Neal for all the work she has done on this. She really has a great command of how the project works. We have appreciated the time we have spent working with this project.

I have been involved with this project since November 2013, and I think Ms. Schnog has been involved with working on this project for approximately four years. From inception we have met with the businesses, taken their ideas, looked at them, and worked with them to ensure they get off the ground and are successful. We have seen up to \$88 million in federal New Markets Tax Credits able to be stacked, where before Nevada had approximately \$24 million in federal New Markets Tax Credits used. We have been able to grow that almost 3 1/2 times. The federal New Markets Tax Credit Program is being reauthorized, so this will pair well with the extension of the current program into the future.

As Assemblywoman Neal said, there is basically a two-year delay, in the third year they start using their tax credits, and they can use them over a five-year period. The most amazing thing we saw is that these businesses really got up and got going. We saw 20 businesses start up and go. In my background in development and city management, you see projects take a long time to get started. These projects, whether it was rehabilitating a building and getting going, or building a new building, they got started right away. This was something they did not delay. Some of them have actually paid off their loans within that period of time. Others have paid back and been able to reinvest that money. We have four new businesses on top of the 20 businesses that are up and operating now. Generally, it has been a very good success. It has produced some great viable businesses statewide. They are varied—organ donors, downtown urban theaters, Washoe Travel Center, project HOPES, tortilla manufacturer, to PLI [Card Marketing Solutions], which makes the plastic cards Starbucks uses. With these varied businesses have come varied types of jobs for our communities. I think it has been a tremendous success. We are here to answer any questions.

**Vice Chair Spiegel:**

Committee members, do you have any questions for Mr. Reynolds? [There were none.] [[Exhibit S](#) was presented but not discussed and is included as an exhibit of the hearing.] Seeing that we have no one else to testify and Assemblywoman Neal has no closing remarks, we will close the hearing on A.B. 446 and open the hearing for public comment in Carson City and Las Vegas. Is there anyone who wishes to speak to the Committee? [There was no one.] We are adjourned [at 6:48 p.m.].

RESPECTFULLY SUBMITTED:

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Gina Hall  
Committee Secretary

APPROVED BY:

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Assemblywoman Dina Neal, Chair

DATE: \_\_\_\_\_

## EXHIBITS

[Exhibit A](#) is the Agenda.

[Exhibit B](#) is the Attendance Roster.

[Exhibit C](#) is the Work Session Document for [Assembly Bill 32](#), dated April 9, 2019, presented by Michael Nakamoto, Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.

[Exhibit D](#) is the Work Session Document for [Assembly Bill 79](#), dated April 9, 2019, presented by Michael Nakamoto, Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.

[Exhibit E](#) is the Work Session Document for [Assembly Bill 178](#), dated April 9, 2019, presented by Michael Nakamoto, Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.

[Exhibit F](#) is the Work Session Document for [Assembly Bill 242](#), dated April 9, 2019, presented by Michael Nakamoto, Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.

[Exhibit G](#) is the Work Session Document for [Assembly Bill 244](#), dated April 9, 2019, presented by Michael Nakamoto, Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.

[Exhibit H](#) is the Work Session Document for [Assembly Bill 458](#), dated April 9, 2019, presented by Michael Nakamoto, Deputy Fiscal Analyst, Fiscal Analysis Division, Legislative Counsel Bureau.

[Exhibit I](#) is a proposed amendment to [Assembly Bill 385](#), dated April 8, 2019, presented by Assemblyman William McCurdy II, Assembly District No. 6.

[Exhibit J](#) is a map of the Southern Nevada Enterprise Community, dated April 24, 2008, presented by Assemblyman William McCurdy II, Assembly District No. 6, regarding [Assembly Bill 385](#).

[Exhibit K](#) is a copy of a PowerPoint presentation titled "Effects of 'More Cops' Funding," presented by Rich Hoggan, Chief Financial Officer, Office of Finance, Las Vegas Metropolitan Police Department, regarding [Assembly Bill 443](#).

[Exhibit L](#) is a document titled "Clark County Advisory Question No. 9, 2004 Public Safety Advisory Question," submitted by Chuck Callaway, Police Director, Office of Intergovernmental Services, Las Vegas Metropolitan Police Department, regarding [Assembly Bill 443](#).

[Exhibit M](#) is a collection of reports regarding [Assembly Bill 443](#), titled "Las Vegas Metropolitan Police Department, Sales Tax Initiative (Assembly Bills No. 418, 461, 572 & Senate Bill No. 1)," submitted by Las Vegas Metropolitan Police Department, consisting of the following:

1. MORE COPS Revenues and Expenditures - TOTAL FUNDS.
2. MORE COPS Revenues and Expenditures - ORIGINAL FUNDS 0.25.
3. MORE COPS Revenues and Expenditures - SUPPLANTED FUNDS.
4. MORE COPS Revenues and Expenditures - ADDITIONAL .05.

[Exhibit N](#) is a conceptual amendment to [Assembly Bill 443](#), presented by Assemblywoman Dina Neal, Assembly District No. 7.

[Exhibit O](#) is a conceptual amendment to [Assembly Bill 446](#), presented by Assemblywoman Dina Neal, Assembly District No. 7.

[Exhibit P](#) is a copy of a PowerPoint presentation titled "Nevada New Markets Tax Credit Program," presented by Assemblywoman Dina Neal, Assembly District No. 7, regarding [Assembly Bill 446](#).

[Exhibit Q](#) is a proposed amendment to [Assembly Bill 446](#), submitted by Advantage Capital Partners.

[Exhibit R](#) is written testimony submitted by Baze Melamed, President, Western Group Packaging, LLC, North Las Vegas, Nevada, in support of [Assembly Bill 446](#).

[Exhibit S](#) is a copy of a PowerPoint presentation titled "Nevada New Markets Jobs Act (NMJA), Tax Credit Program," dated April 9, 2019, submitted by the Department of Business and Industry, regarding [Assembly Bill 446](#).